

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 3444 - HB 3745

March 9, 2012

SUMMARY OF BILL: Requires the Textbook Commission to include at least one book in the subjects of history, science, health, government, economics, and reading/literature that inculcates the principles of religion within the study of a secular education in its list of books for approval by the State Board of Education for use in the public schools. Requires the local board of education to adopt and supply books that inculcate the principles of religion within a secular education to schools that have more than one section of each elementary grade or more than one section of a middle school class, junior high school class, or high school class, and in which 25 percent of parents within any specific grade level or class of the school have elected to use that book and subsequent course materials. Requires a separate classroom to be formed for the students who will use this book and course materials. Requires the local board of education to adopt and supply textbooks that inculcate the principles of religion within a secular education to schools that have one section of each elementary grade or one section of a middle school class, junior high school class, or high school class, in which 50 percent of the parents or guardians have elected to use such textbook and subsequent course materials. Requires the book to be used for the entire class in such schools if there is a fiscal, space, or other restraint that will prohibit the opening of a separate classroom.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – In FY12-13 and subsequent fiscal years, as parents vote to use a different textbook and course materials, the LEA will purchase books for that grade or course. Each year, parents could vote in different grades and courses, meaning that LEAs will be required to purchase separate textbooks each year this occurs. The cost for textbooks will be a one-time expenditure for LEAs. The BEP funds textbooks on a three-year average. The BEP will begin to fund textbooks at 25 percent of their total cost in the fiscal year after the purchase, moving to full funding in the third year after purchase. The BEP state and local increase in textbook expenditures will be ramped up each year dependent upon the prior year's funding. If 25 percent of all students in FY12-13 participate in a separate classroom, the mandatory increase in one-time local expenditures will be \$17,817,100*. The BEP will begin to fund textbooks in FY13-14 split 75:25 between state and local government. Based on the 25 percent participation, in FY13-14, the increase in state BEP expenditures will be \$4,454,300 and the local match will be \$1,484,800. The increase in BEP expenditures in FY14-15 and FY15-16 will increase each fiscal year until the move to full funding has been completed.

In fiscal years after FY12-13, the one-time increase in local expenditures will increase depending upon the participation level of the students and whether new textbooks need to be purchased. Each one-time LEA purchase of textbooks will drive up the three-year BEP average beginning in the year after the textbooks purchase, resulting in an increase in state BEP and local BEP expenditures each year beginning in FY13-14. The one-time LEA and state BEP and local increases cannot be reasonably quantified by fiscal year but is estimated to exceed \$1,000,000.

More teachers may be required to teach separate sections of the same course or grade. Any increase in mandatory local expenditures is not quantifiable but is estimated to exceed \$100,000 annually in teacher salary and benefits. This increase in expenditures will be dependent upon the number of courses where a separate section is needed and the LEA's ability to fund separate sections with existing personnel.

Assumptions:

- Parents may vote in any academic year beginning in FY12-13.
- The number of parents who will request a textbook and course materials that inculcate the principles of religion is unknown.
- The formation of a separate class may require a new teacher to be hired. The increase in local expenditures to hire more teachers cannot be reasonably quantified but is estimated to exceed \$100,000 annually.
- DOE estimates that the cost per book is \$75.
- According to DOE, the student population in FY11-12 is approximately 950,244. If 25 percent of the total student population requested and received new textbooks, then 237,561 students will receive books and course materials in FY12-13.
- The increase in one-time local expenditures for books in FY12-13 will be \$17,817,075 ($237,561 \times \75).
- The BEP formula funds textbooks on a three-year average purchase history. The state and local split within the BEP funding formula for textbooks is 75 percent state and 25 percent local match. In FY12-13, there will be no cost to the state since the BEP generally funds a year behind.
- Each year, beginning in FY13-14, the BEP and local match will increase.
- Based on the FY12-13 textbook purchase, the BEP formula will fund textbooks at \$25 of the \$75 in FY13-14, \$50 in FY14-15, and \$75 in FY15-16. Each year, beginning in FY13-14, the BEP and local match will increase.
- In FY13-14, the BEP will fund textbooks at \$25 per book purchased in FY12-13; the total increase in BEP funding for textbooks will be \$5,939,025 ($\$25 \times 237,561$).
- The \$5,939,025 will be split 75:25 between the state (\$4,454,269) and local match (\$1,484,756).
- Based on the FY12-13 textbook purchase, in FY14-15, the BEP will fund textbooks at \$50 per book purchased in FY12-13; the total increase in BEP funding for textbooks will be \$11,878,050 ($237,561 \times \50).

- The \$11,878,050 will be split 75:25 between the state (\$8,908,536) and local match (\$2,969,513).
- Based on the FY12-13 textbook purchase, in FY15-16, the BEP will fund textbooks at \$75 per book purchased in FY12-13; the total increase in BEP funding for textbooks will be \$17,817,075 (237,561 x \$75).
- The \$17,817,075 will split 75:25 between the state (\$13,362,806) and local match (\$4,454,269).
- Each subsequent one-time purchase of textbooks by LEAs will increase mandatory LEA expenditures and increase the three-year BEP average textbook funding by 25 percent of the prior year's purchase beginning in the subsequent fiscal year, moving to the full purchase price in the third year.
- Parents may vote in any academic year beginning in FY12-13.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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